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SUBJECT: GOJ REACTIONS ON DOHA ROUND AFTER HONG KONG  
MINISTERIAL

#### Summary

1. (U) WTO member states obtained about as much as they could under the circumstances at the Hong Kong Ministerial, according to Japanese officials from several ministries at a symposium hosted by Aoyama Gakuin University's WTO Research Center. The Director-General of the Agriculture Ministry's International Affairs Bureau, Kaoru Yoshimura, insisted there had been progress on agriculture and was confident that negotiators could come up with a final agreement. A top Foreign Ministry official, Seiichi Kondo, stressed to the audience the importance of a successful Doha round, saying it would resolve economic disputes that would otherwise turn into political issues. Akira Kamitobe, of the Finance Ministry, focused on the need to improve existing trade rules, in particular the anti-dumping agreement -- which would be key to boosting Japan's economic growth potential. Although Japan has been a fairly passive player in advancing the Doha talks so far, this conference demonstrates that the government at least sees the need to put a positive public spin on the importance of reaching a successful agreement. END SUMMARY.

#### MOFA: Spinning Story

2. (U) Ambassador Seiichi Kondo of the Foreign Affairs Ministry's Economic Affairs Bureau stressed the importance to Japan that the Doha Trade Round succeed. He emphasized the WTO's importance in resolving trade disputes. The difficulty in trying to move forward more quickly in Hong Kong, he said, reflected the fact that reaching consensus is becoming much more difficult -- particularly as the WTO membership becomes larger and more diverse. It is no longer possible, he noted, for the United States single handedly to lead other WTO member countries. Interests in the trade organization vary widely. Kondo added that it was hard for government negotiators to forge deals when non-government entities -- the business sector, media, academic institutions, and other interest groups -- clamor to be heard. He said that WTO negotiations will move more smoothly in the future when governments learn to collaborate better with these groups.

3. (U) Kondo conceded what had become increasingly obvious in recent months: that agriculture was front and center the

focus of the Doha Development Round, whether the attention was merited or not. He also conceded that, owing to domestic political constraints, Japan's position in the talks -- particularly with respect to agricultural market access and domestic supports -- was difficult. Kondo underscored, however, that free trade and a successful Doha Round was critical to Japan's economic expansion and farm sector reform would be important to improving Japan's outlook.

14. (U) Meeting deadlines set in Hong Kong mattered, Horohisa Soma, of MOFA's International Trade Division, suggested to the gathering. Although there was some possibility that the United States would extend Fast Track authorization beyond its expiration date, Japanese negotiators could not count on any extension. Therefore a trade agreement needed to be wrapped up well in advance of mid-2007. For his part, somewhat tautologically, Kondo said that agreeing to modalities by the end of April, as called for in the Ministerial Declaration, depended on whether WTO Director-General Lamy could draw constructive responses from negotiators. Kondo added that Lamy's track record was good. Another area that would require more attention in coming months was Trade in Services, progress on which, according to Kondo, had been uneven.

METI: Plodding Ahead  
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15. (U) There were few surprises in Hong Kong, according to Shigehiro Tanaka, Director of METI's Multilateral Trade System Department. Claiming to be speaking in his personal capacity, Tanaka told the audience that the Hong Kong Ministerial did not produce any surprises. The METI official made a point of praising Brazil and India for their consent

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to the Swiss Formula for non-agricultural market access (NAMA). He was also pleased with sectoral negotiations in services, such as those for telecom. They had been carried out unofficially between member countries and announced officially in Hong Kong.

MAFF: Agriculture Gets Too Much Attention  
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16. (U) Kaoru Yoshimura, the Director-General of the International Affairs Bureau at the Agriculture Ministry, told the symposium that the media -- Japanese and international -- put too much focus on agriculture negotiations, which have dominated the Doha Round so far. He praised Agriculture Minister Nakagawa -- his boss -- for pushing to include Japan in G-4 talks. He added that it was in Japan's interest to include capacity building for developing countries in its agenda of priorities, as well as pushing for more progress in NAMA and services talks at the same time as agriculture. Yoshimura was confident that agriculture negotiations, although still stymied on market access, had accomplished a lot on domestic support and export subsidies. Much negotiating remained before the April 30 deadline.

MOF: Fixating on Anti-dumping Rules  
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17. (U) Akira Kamitobe, the Director of the Finance Ministry's Customs and Tariff Bureau, gave a brief presentation on MOF's role in the discussion on WTO trade rules. His focus was on anti-dumping and safeguard agreements, subsidies, and countervailing measures. If the Doha Round produced an agreement that made trade rules clearer and more predictable, he said, this was good for everybody. Japanese business would benefit from better anti-dumping rules, including he singled out, better sunset provisions; anti-dumping duties should be phased out after a fixed period. Kamitobe stressed also the importance of improving trade facilitation and all its aspects -- this

would be good for developing countries and rich ones alike as they move forward.

Comment

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18. (U) Although Japan has been a fairly passive player in advancing the Doha talks so far, this conference demonstrates that the government at least sees the need to put a positive public spin on the importance of reaching a successful agreement. GOJ officials participating in the Aoyama Gakuin University symposium on the Doha Round were not the first ones to be out making the public case that successful trade talks are good for Japan. Owing to the sensitivities of the talks politically, officials have not been clear about how they intend to push them toward a successful conclusion. But officials have been out making the public case -- at least on a general level, trying to explain to a skeptical public the advantages of a strong international trade agreement.

DONOVAN